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Business and IT in Harmony: Enablers and Inhibitors to Alignment

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Strategic alignment enables a firm to maximize its IT investments and achieve harmony with its business strategies and plans, leading to greater profitability. Alignment's importance to business is clear from its top ranking in the business press by executives (King, 1995). What is not as clear is how to achieve harmony between business and IT, and what the impact of misalignment might be on the firm.

During a two-year study (conducted from 1992-94), more than 500 executives representing over 300 organizations attended seminars addressing alignment at IBM's Advanced Business Institute in Palisades, NY. They asked for assistance in assessing the positioning and contribution of IT in their organizations as well as identifying their personal role in applying it. They wanted to know what steps were needed for successful alignment and how to enhance business performance and effectiveness.

A computer-based assessment model developed by Luftman and Brier (based on work by Henderson and Thomas, 1992) is used to assess the alignment of business and IT in firms. The purpose of the model is to help firms identify areas of strength (enablers) and weakness (inhibitors) related to alignment. Information provided by the model can suggest methods to evaluate, achieve, and maintain successful approaches to alignment. Results have shown that executives frequently do not recognize their firm's true alignment perspective. They perceive their firm to be following a certain course of action when they should be concentrating on an entirely different area (Luftman, Papp, & Brier, 1995; Papp, 1995).

By focusing on enablers and inhibitors to alignment, firms can identify areas of strength and weakness, respectively, which affect alignment. Enablers can be used to facilitate the inter-relationship between business and IT. Concentrating on the development of a synergistic strategy can pave the way for other important factors such as leadership, executive support, effective prioritization, resource sharing, and understanding the competitors and customers which affect the organization.

Inhibitors should likewise be identified to permit firms to address those areas that may hinder the adoption of alignment. Focusing on the potential problems may alleviate some of the roadblocks and allow firms to achieve alignment.

Executives were asked to identify areas of potential success and failure in the application of alignment within their organizations. The first question was to rate the strength of alignment within their companies. Over 50% believed that their business and IT strategies were properly aligned, 42% indicated that they were not, and 7% were unsure or had no opinion.

Enablers

The executives were then asked to list the key enablers to achieving alignment. Both IT executives and business (non-IT) executives agreed on the relative positioning of these enablers (see Figure 1). However, for business executives, the need for "executive support for IT" out paced the others by a significant margin (21.8%). This suggests that business executives are aware of the need to support the IT area and

contend that this support is the most significant means to achieve alignment. IT executives also ranked this enabler first (16.7%), but it was followed very closely by the need to be a participant in developing business strategy (16.2%). This suggests that IT believes that not only is executive support needed, but also that IT should participate in the formulation of the overall business strategy. Leadership by IT was the third enabler identified by both IT (15.2%) and non-IT executives (11.5%), supporting the need to increase the role of IT in the business (i.e. follow the business leaders). The need for a close relationship between business and IT was almost twice as important to IT executives (7.6%) than business executives (3.9%), indicating that IT believes there is a greater need to work closely with the business (Papp, 1995).

Enablers to Alignment by Percentage

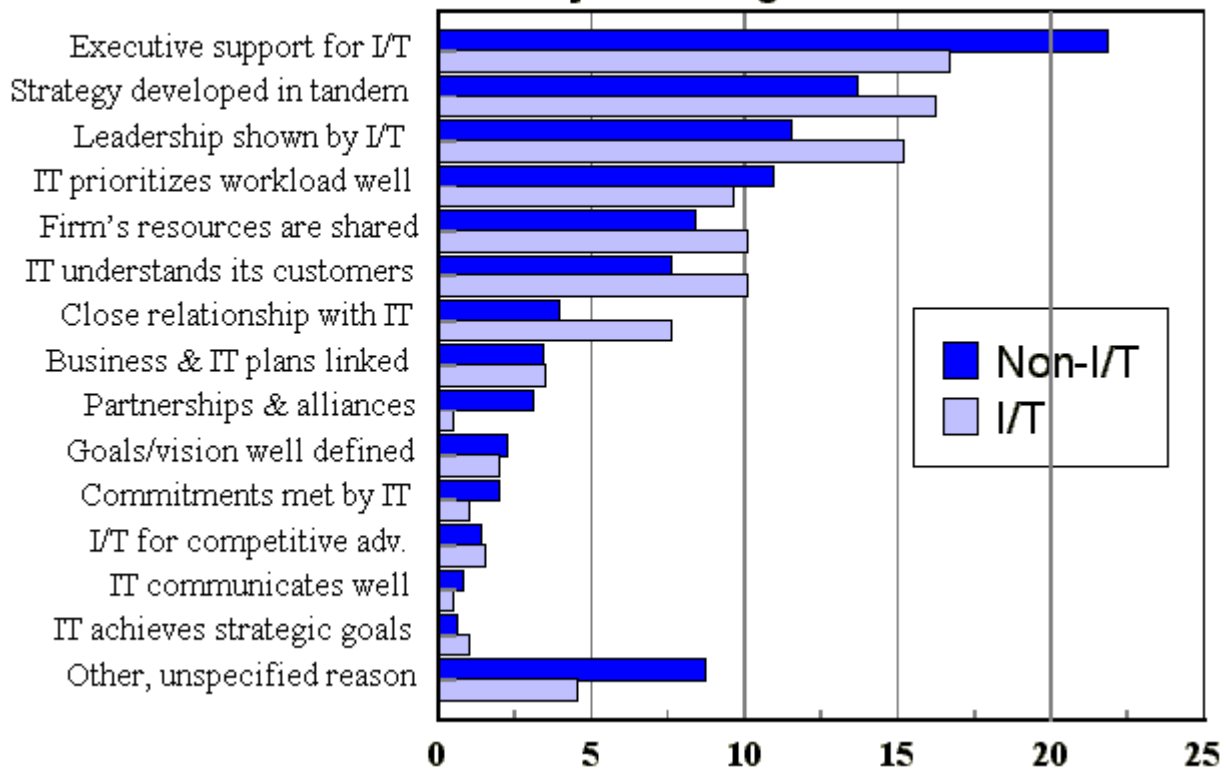


Figure 1: Enablers to Alignment

Inhibitors

The key inhibitors identified shed light on the problems firms face as they strive for alignment. The primary problem is lack of affiliation. Business and IT seem to be going in different directions with poor communication and interaction between them. Close behind is the need for IT to prioritize its workload better.

The problem associated with the traditional IT backlog is indicated by the third inhibitor to alignment--the failure of IT to meet its commitments (see Figure 2). The problems described here are not new to IT. Such constraints have plagued IT almost since its inception as a functional area. As the importance and role of technology increases, these problems are compounded.

For example, IT executives believe the greatest problem in the achievement of alignment is the lack of a close relationship between IT and business (20.7%). Business ranked this second (14.3%). The top inhibitor among business executives is poor prioritization by IT (16%). This is also seen as a problem by IT, however it is a distant second (14.6%). The

next inhibitor for IT executives is lack of executive support for IT (11.6%), which is ranked fifth (9.5%) by business executives (Papp & Luftman, 1995).

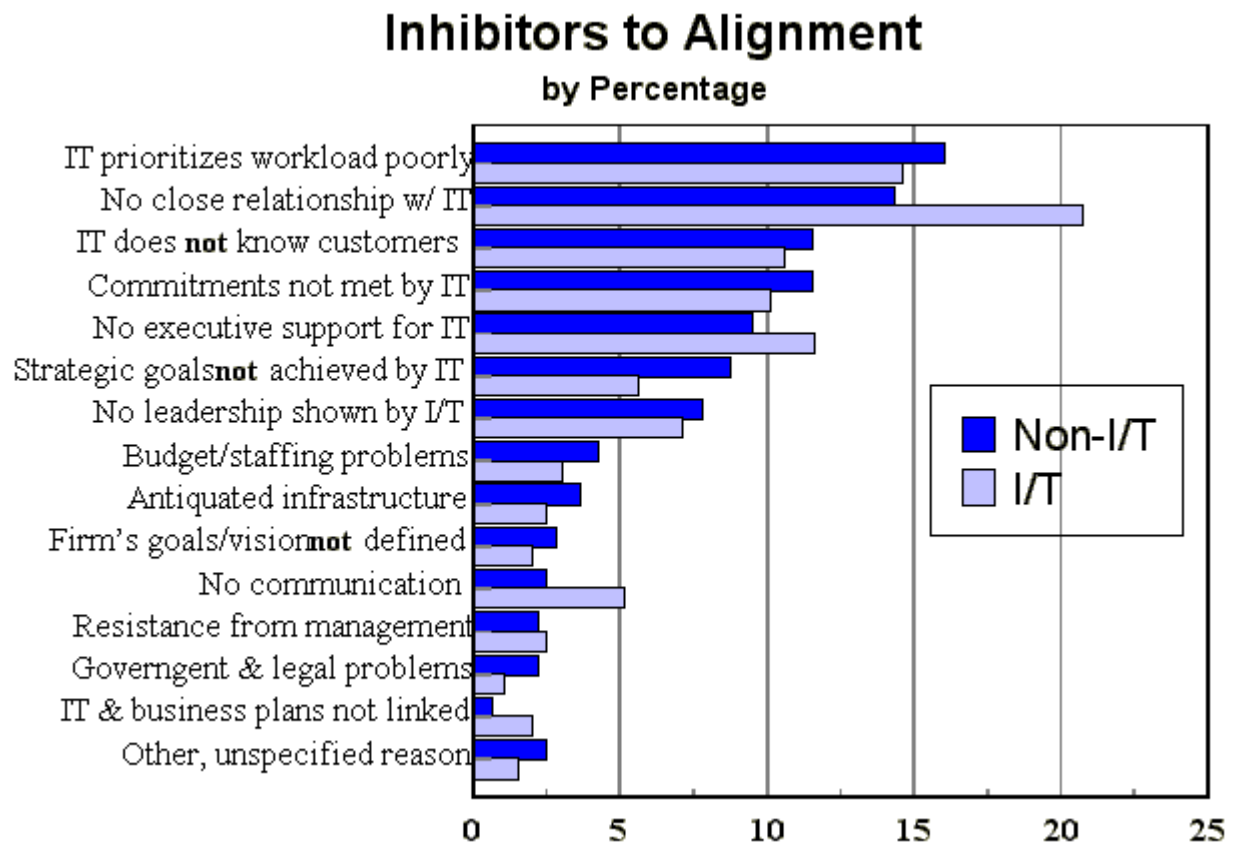


Figure 2: Inhibitors to Alignment

Implications of Alignment

Alignment is important to firms for numerous reasons. The major ones are to facilitate the development of synergistic business and IT strategies, allow firms to focus on the application of IT to improve business efficiency and effectiveness, and prevent the misapplication of technology within the firm. By analyzing the factors which benefit or enable alignment and those which hinder or inhibit it, organizations can concentrate on the application of IT to enable the business strategy. This harmony can be extended and applied throughout the organization as technology is used to create a more focused, responsible organization.

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